

Rochester Tel Center
180 South Clinton Avenue
Rochester, New York 14646-0995

716-777-1028
Fax: 716-546-7823

Michael J. Shortley, III

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June 13, 1994

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

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Re: CC Docket 93-162

Dear Mr. Caton:

Enclosed for filing please find an original plus seven (7) copies of the Supplemental Direct Case of Rochester Telephone Corporation in the above-docketed proceeding.

To acknowledge receipt, please affix an appropriate notation to the the copy of this letter provided herewith for that purpose and return same to the undersigned in the enclosed, self-addressed envelope.

Very truly yours,

Michael J. Shortley, III

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

JUN 14 1994

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Local Exchange Carriers' Rates,
Terms, and Conditions for
Expanded Interconnection
for Special Access

CC Docket No. 93-162

**SUPPLEMENTAL DIRECT CASE OF
ROCHESTER TELEPHONE CORPORATION**

Introduction

Rochester Telephone Corporation ("Rochester") submits this Supplemental Direct Case in response to the Bureau's Supplemental Designation Order in this proceeding.¹ The Bureau requests Rochester to justify its use of time and materials charges to develop rates for the central office construction elements of its expanded interconnection offering. In particular, the Bureau directs Rochester: (a) to explain how its "approach to time and materials charges differs from the use of individual case basis rates;"² and (b) to explain why it "should not be required to provide time and materials charges through a 'menu' of specific prices for different service components (such as rates for wire mesh cages; rates

¹ Local Exchange Carriers' Rates, Terms, and Conditions for Expanded Interconnection for Special Access, CC Dkt. 93-162, Supplemental Designation Order and Order To Show Cause, DA 94-556 (Com. Car. Bur. May 31, 1994) ("SDO").

² Id., para. 20(1).

for wallboard cages; cages with/without air conditioning, etc.)."³

As Rochester explains herein, its approach to time and materials charges is fully consistent with the Commission's orders precluding the use of individual case basis ("ICB") pricing. The Bureau's alternative suggestion is unwieldy at best and would produce unduly complex and confusing expanded interconnection tariffs.

At the outset, however, Rochester wishes to note that it is committed to the Commission's pro-competitive policies -- including those embodied in the Commission's orders in this proceeding. Rochester's rates for those expanded interconnection elements for which it tariffed specific rates -- e.g., DS-3 and DS-1 cross-connects -- are among the lowest in the Nation; its expanded interconnection tariff structure is simple; and the specific terms and conditions of its expanded interconnection offering are reasonable and not burdensome.⁴ Thus, Rochester's use of a time and materials approach to tariffing its central office construction elements is not intended as an end-run of the Commission's policies. It merely represents an administratively efficient means of establishing a rate for a service that, by its very nature, is not susceptible, at this time, to averaged rate development.

³ Id., para. 20(2).

⁴ See, e.g., Local Exchange Carriers' Rates, Terms, and Conditions for Expanded Interconnection for Special Access, CC Dkt. 93-162, Direct Case of Rochester Telephone Corporation at 3-6 (Aug. 19, 1993).

Moreover, to date, Rochester has offered, without objection from its potential expanded interconnection customers, expanded interconnection from only one central office and has experienced no demand for this service. Although Rochester anticipates that it will experience such demand, it currently lacks the experience or data upon which to develop a generally available "menu" of central office construction offerings.

The Bureau should conclude that Rochester's expanded interconnection tariff is just and reasonable in all respects.

Argument

I. THE USE OF TIME AND MATERIALS CHARGES DOES NOT CONSTITUTE INDIVIDUAL CASE BASIS PRICING.

The Commission has permitted exchange carriers to charge rates that differ by central office for those expanded interconnection rate elements that are not reasonably susceptible to geographic rate averaging.⁵ Indeed, the Commission specifically permitted the use of unit pricing for these rate elements, including central office construction. This is precisely what a time and materials approach accomplishes.

By utilizing time and materials charges for central office construction in its initial tariff and in the absence of any present demand for expanded interconnection, Rochester's

⁵ Expanded Interconnection with Local Telephone Company Facilities, CC Dkt. 91-141, Report and Order and Notice of Proposed Rulemaking, 7 FCC Rcd. 7369, 7442, para. 158 (1992).

approach recognizes the unique nature, from a tariffing perspective, of central office construction. Moreover, as Rochester has made clear,⁶ when it receives a bona fide request for expanded interconnection within a specific central office, it intends to file a generally available rate for central office construction for that office.

The use of such generally available tariffed rates does not constitute ICB pricing. Rates for central office construction may vary by central office. However, they will be not vary by customer for the same facility. Although, as the Bureau notes,⁷ a customer request may generate a tariff filing, the particular rate developed will not be specific to that customer. Thus, factors such as the possibility of unreasonably discriminatory rates generated by ICB pricing which caused the Commission to invalidate ICB pricing for DS-3 services⁸ will play no role in Rochester's development of specific rates for central office construction.

The approach that Rochester utilized is conceptually identical to that for special construction, which utilizes time and materials charges for unique projects. The Commission has never concluded that such charges are inappropriate. The Bureau should

⁶ Rochester Telephone Corp., Tariff F.C.C. No. 1, Trans. No. 193, Description and Justification at 2 (May 20, 1993).

⁷ SDO, para. 19.

⁸ See Local Exchange Carriers' Individual Case Basis Pricing for DS3 Services, CC Dkt. 88-136, Memorandum Opinion and Order, 4 FCC Rcd. 8634, 8642, para. 66 (1989).

not do so in this case. This is particularly true in Rochester's circumstance, where it has committed to file generally available rates for central office construction when demand for such services materializes.⁹

Rochester's time and materials approach does not constitute ICB pricing. Rather, it constitutes an approach that will result in central office construction offerings that will be generally available in specific central offices, all in accordance with the Commission's directives.

II. THE BUREAU'S SUGGESTED "MENU" APPROACH IS UNWARRANTED AND COUNTERPRODUCTIVE.

In the original Designation Order, the Bureau designated for investigation whether the expanded interconnection rate structures of various exchange carriers -- some of which contained a myriad of rate elements -- were appropriate.¹⁰ Rochester's expanded interconnection tariff is simple and reasonable. However, were the Bureau to require Rochester to adopt the "menu" approach, it would cause Rochester to create an unduly complex tariff structure.

Moreover, Rochester has no idea whether potential customers want wire mesh,

⁹ In this respect, the SDO may be premature. Rochester's time and materials approach essentially represents a surrogate until demand for expanded interconnection materializes.

¹⁰ Local Exchange Carriers' Rates, Terms and Conditions for Expanded Interconnection for Special Access, CC Dkt. 93-162, Order Designating Issues for Investigation, DA 93-951, 8 FCC Rcd. 6909, 6915-17, paras. 23-31 (Com. Car. Bur. 1993).

wallboard or, for that matter, gold-plated cages. To force Rochester to anticipate all possible configurations and to tariff each such configuration would constitute no more than an exercise in futility. It would also serve no useful purpose. Such a tariff would not, contrary to the Bureau's assumption,¹¹ provide potential expanded interconnection customers any more useful information than Rochester's tariff already provides.

The Bureau should decline to adopt its suggested "menu" approach and, a fortiori, should not "prescribe this method of tariffing time and materials charges."¹²

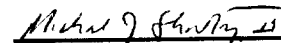
¹¹ SDO, para. 20(2).

¹² Id.

Conclusion

For the foregoing reasons, the Bureau should conclude that Rochester's approach to central office construction complies with all applicable Commission directives and is, in all respects, just and reasonable under the Communications Act.

Respectfully submitted,



Michael J. Shortley, III

Attorney for Rochester
Telephone Corporation

180 South Clinton Avenue
Rochester, New York 14646
(716) 777-1028

June 13, 1994

Certificate of Service

I hereby certify that, on the 13th day of June, 1994, the foregoing Supplemental Direct Case of Rochester Telephone Corporation was served by first-class mail, postage prepaid, upon the parties on the attached service list.

Michael J. Shortley, III
Michael J. Shortley, III

SERVICE LIST
CC Dockets 91-141; 91-213

James A. Blaszak
Charles C. Hunter
Gardner, Carton & Douglas
Attys for Ad Hoc Tele-
communications Users Committee
1301 K St., N.W.
Suite 900 - East Tower
Washington, D.C. 20003

Brian K. Sulmonetti
Director, Regulatory Affairs
Advanced Telecommunications Corp.
Suite 2100
945 East Paces Ferry Road
Atlanta, GA 30326

Peter A. Rohrbach
Gerald C. Oberst, Jr.
Hogan & Hartson
Attys for Advanced Tele-
communications Group
555 13th Street, N.W.
Washington, D.C. 20004

Floyd S. Keene
Brian R. Gilomen
Mark R. Ortlieb
Ameritech
Legal Department
2000 W. Ameritech Center Dr. 4H82
Hoffman Estates, IL 60196-1025

Roy L. Morris
Deputy General Counsel
Allnet Communications
Services, Inc.
1990 M Street, N.W. Suite 500
Washington, D.C. 20036

Carolyn C. Hill
Federal Regulatory Counsel
ALLTELL Service Corporation
Suite 220
655 15th Street, N.W.
Washington, D.C. 20005

Laura Montgomery
Arter & Hadden
Attys for America's Carriers
Telecommunications Assoc.
1801 K St., N.W., Suite 400K
Washington, D.C. 20006

John C. Shapleigh
President and General Counsel
Association for Local
Telecommunications Services.
Suite 1050
1150 Connecticut Avenue, N.W.
Washington, D.C. 20036

Carvel B. Tefft, President
Atlantic Connections, Ltd.
104 Congress St., Suite 202
Portsmouth, NH 03801

Debra Buruchian
Vice President and General Manager
ATX Telecommunications Services
101 South 39th Street
Philadelphia, PA 19104

Stephen P. Bowen
General Counsel
Bay Area Teleport
Suite 260
1141 Harbor Bay Parkway
Alameda, California 94501

Michael D. Lowe
J. Manning Lee
Bell Atlantic
1710 H Street, N.W.
Washington, D.C. 20006

William B. Barfield
Richard M. Sbaratta
BellSouth
Suite 1800
1155 Peachtree Street, N.E.
Atlanta, GA 30367-6000

Philip L. Verveer
Sue D. Blumenfeld
Willkie Farr & Gallagher
Attys for Cable & Wireless
Communications, Inc.
1155 21st St., N.W., Suite 600
Washington, D.C. 20036

Peter Arth, Jr.
Edward W. O'Neill
Ellen S. Levine
Attys for the People of the State
of California and the Public
Utilities Commission of the
State of California
505 Van Ness Avenue
San Francisco, CA 94102

Mitchell T. Brecher
Dow, Lohnes and Albertson
Atty for Capital Network
System, Inc.
1255 Twenty-third Street, N.W.
Washington, D.C. 20037

Barbara J. Stonebraker
Senior Vice President -
External Affairs
Cincinnati Bell Telephone
201 E. Fourth St., 102 - 300
P.O. Box 2301
Cincinnati, OH 45201

William D. Baskett III
Thomas E. Taylor
David S. Bence
Frost & Jacobs
Attys for Cincinnati Bell
Telephone Company
2500 Central Trust Center
201 E. Fifth Street
Cincinnati, OH 45202

Ellen S. Deutsch
Senior Counsel
Citizens Utilities Company of
California
1035 Placer Street
Redding, CA 96001

Brad A. Evans
Executive Vice President
City Signal, Inc.
250 Monroe N.W., Suite 110
Grand Rapids, MI 49503

Robert J. Aamoth
Michael R. Wack
Reed Smith Shaw & McClay
Attys for Competitive
Telecommunications Association
1200 18th Street, N.W.
Washington, D.C. 20036

Genevieve Morelli
Vice President and General Counsel
Competitive Telecommunications
Association
Suite 220
1140 Connecticut Ave., N.W.
Washington, D.C. 20036

Ellyn Elise Crutcher
Consolidated Network Inc.
121 S. 17th Street
Mattoon, Illinois 61938

Howard C. Davenport
Daryl L. Avery
Peter G. Wolfe
Public Service Commission of the
District of Columbia
450 Fifth Street, N.W.
Washington, D.C. 20001

J. Mike Surratt
Duke Power Company
P.O. Box 1006
Charlotte, NC 28201-1006

James U. Troup
Arter & Hadden
Atty for Elkhart Telephone Co.
1801 K Street, N.W., Suite 400K
Washington, D.C. 20006

Richard C. Bellak
Associate General Counsel
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida 32399-0862

James D. Heflinger
Vice President and General Counsel
LiTel Telecommunications Corp.
4650 Lakehurst Court
Dublin, OH 43017

Robert C. MacKichan, Jr.
Vincent L. Crivella
Michael J. Ettner
General Services Administration
18th & F Streets, N.W., Room 4002
Washington, D.C. 20405

Larry A. Blosser
Donald J. Elardo
Regulatory Law Department
MCI World Headquarters
1801 Pennsylvania Ave., N.W.
Washington, D.C. 20036

Richard McKenna, HQE03J36
GTE Service Corporation
P.O. Box 152092
Irving, TX 75015-2092

Richard Heitmann
Angel M. Cartagena
Metromedia Communications Corp.
1 Meadowlands Plaza
East Rutherford, NJ 07073

Gail L. Polivy
GTE Service Corporation
1850 M Street, N.W., Suite 1200
Washington, D.C. 20036

Peter A. Rohrbach
Karis A. Hastings
Hogan & Hartson
Attys for Metromedia
Communications Corp.
555 13th St., N.W.
Washington, D.C. 20004

John P. Kelliher
Special Assistant Attorney General
Illinois Commerce Commission
180 N. LaSalle Street, Suite 810
Chicago, Illinois 60601

Andrew D. Lipman
Russell M. Blau
Swidler & Berlin, Chartered
Attys for Metropolitan Fiber
Systems, Inc.
3000 K Street, N.W.
Washington, D.C. 20007

Larry L. Cooper
Senior Manager Regulatory Services
Illinois Consolidated
Telephone Company
121 South 17th Street
Mattoon, Illinois 61938

Paul Rodgers
Charles D. Gray
James Bradford Ramsay
National Association of Regulatory
Utility Commissioners
1102 ICC Building
P.O. Box 684
Washington, D.C. 20044

Brian R. Moir
Fisher, Wayland, Cooper and Leader
Atty for International
Communications Association
1255 23rd Street, N.W., Suite 800
Washington, D.C. 20037-1170

James U. Troup
Arter & Hadden
Atty for Iowa Network
Services, Inc.
1801 K St., N.W., Suite 400K
Washington, D.C. 20006

Richard A. Askoff
National Exchange Carriers
Association, Inc.
100 South Jefferson Road
Whippany, NJ 07981

David Cosson
L. Marie Guillory
National Telephone Cooperative
Association
2626 Pennsylvania Ave., N.W.
Washington, D.C. 20037

William J. Cowan
General Counsel
New York State Department of
Public Service
Albany, NY 12223

Robert DeBroux
Manager-Regulatory Affairs
NorLight
579 D'Onofrio Drive, Suite 200
Madison, WI 53719

Amy A. Gross
NYCOM Information Services, Inc.
2701 Summer St. #200
Stamford, CT 06905-4304

Patrick A. Lee
Joseph DiBella
NYNEX
120 Bloomingdale Road
White Plains, NY 10605

Lisa M. Zaina
General Counsel
OPASTCO
21 Dupont Circle, N.W.
Suite 700
Washington, D.C. 20036

James P. Tuthill
John W. Bogy
Pacific Bell/Nevada Bell
Room 1530-A
140 New Montgomery Street
San Francisco, CA 94105

Stanley J. Moore
Pacific Bell/Nevada Bell
1275 Pennsylvania Ave., N.W.
Washington, D.C. 20004

Nicholas L. Kottyan
Phone America of Carolina, Inc.
500 Clanton Road, Suite K
Charlotte, NC 28217

Francine J. Berry
American Telephone &
Telegraph Company
295 North Maple Avenue
Room 3244J1
Basking Ridge, NJ 07920

Dan Detampel, President
Schneider Communications, Inc.
P.O. Box 2475
3061 S. Ridge Road
Green Bay, WI 54306-2475

E. William Kobernusz
Vice President - Regulatory
The Southern New England
Telephone Company
227 church St. - 15th Floor
New Haven, CT 06510-1806

Douglas Hanson
President
Southern Pacific
Telecommunications Company
60 Spear Street, Suite 700
San Francisco, CA 94105

Durward D. Dupre
Richard C. Hartgrove
Thomas A. Pajda
Southwestern Bell
Room 2114
1010 Pine Street
St. Louis, MO 63101

Douglas H. Hanson
SP Telecom
60 Spear St., Suite 700
San Francisco, CA 94105

Larry Van Ruler
Tallon, Cheeseman and Assoc., Inc.
3918 Betty Drive, Suite H
Colorado Springs, CO 80907

Andrew O. Isar
Telecommunications Marketing Assn.
P.O. Box 8361
McLean, VA 22106-8361

W. Richard Morris
The United Telephone
System Companies
P.O. Box 11315
Kansas City, MO 64112

M. B. Gray
Telecommunications Opportunities
Research
Pine Brook Hills
335 Wild Horse Circle
Boulder CO 80304

Leon M. Kestenbaum
H. Richard Juhnke
US Sprint Communications Company
Limited Partnership
1850 M Street, N.W. 11th Floor
Washington, D.C. 20036

Randall Veltkamp, President
Teledial America, Inc.
250 Monroe NW, Suite 650
Grand Rapids, MI 49503-2215

Lawrence E. Sarjeant
James T. Hannon
US West
1020 19th Street, N.W.
Suite 700
Washington, D.C. 20036

Robert C. Atkinson
J. Scott Bonney
Alex J. Harris
Teleport Communications Group
One Teleport Drive, Suite 301
Staten Island, NY 10311

Martin T. McCue
Linda Kent
United States Telephone Assn.
900 19th Street, N.W., Suite 800
Washington, D.C. 20006-2105

Joseph P. Benkert
Holme Roberts & Owen
Attys for Teleport Denver, Ltd.
1700 Lincoln, Suite 4100
Denver, CO 80203

Joseph W. Miller
Williams Telecommunications
Group, Inc.
Suite 3600
One Williams Center
P.O. Box 2400
Tulsa, OK 74102

Jay C. Keithley
Vice President - Law and
External Affairs
The United Telephone System
Companies
1850 M Street, N.W., Suite 1100
Washington, D.C. 20036

Peter A. Rohrbach
Karis A. Hastings
Hogan & Hartson
Attys for Williams
Telecommunications Group, Inc.
555 13th Street, N.W.
Washington, D.C. 20004